

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF AUGUST 15, 2007**

REGULAR MEETING

9:00 A.M.

AUGUST 15, 2007

PRESENT:

COMMISSIONERS:	Bob Colven, Chairman Kimberly Cox James V. Curatalo, Alternate Dennis Hansberger, Vice Chairman Larry McCallon	Brad Mitzelfelt, Alternate Mark Nuaimi Richard P. Pearson A.R. "Tony" Sedano, Alternate Diane Williams, Alternate
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STAFF:

Kathleen Rollings-McDonald, Executive Officer
Clark H. Alsop, Legal Counsel
Samuel Martinez, LAFCO Analyst
Michael Tuerpe, LAFCO Analyst
Anna Raef, Clerk to the Commission
Rebecca Lowery, Deputy Clerk to the Commission

ABSENT:

COMMISSIONERS: Paul Biane

REGULAR SESSION – CALL TO ORDER – 9:05 A.M.

Chairman Colven calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

Chairman Colven requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There are none.

APPROVAL OF MINUTES FOR REGULAR MEETING OF JULY 18, 2007

Chairman Colven calls for any corrections, additions, or deletions to the minutes. Commissioner McCallon moves approval of the minutes as presented, seconded by Commissioner Pearson. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, Cox, Hansberger, McCallon, Pearson. Noes: None. Abstain: None. Absent: Biane, Nuaimi.

CONSENT ITEMS:

LAFCO considers the agenda item listed under its consent calendar. The consent calendar consists of:

- ITEM #2 --approval of the Executive Officer's Expense Report;
- ITEM #3 --continuation of approval of payments as reconciled for the month of July 2007 and noting cash receipts; and

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ITEM #4 --consideration of LAFCO SC#316 – City of Fontana Pre-Annexation Agreement No. 07-00003 for Sewer Services (Calabash 10288 LLC)

Item #5 --note receipt of LAFCO 3085 – Reorganization to include annexations to City of Barstow, Odessa Water District and Barstow Fire Protection District (No. 07-01-Jasper Road)

Item #6 --note receipt of LAFCO 3086 – Reorganization to include annexations to City of Barstow, Odessa Water District and Barstow Fire Protection District (No. 07-02-Rimrock Road)

ITEM #7 --Designation of Special Counsel Representation for LAFCO 3084 – Hi-Desert Water District expansion of services under its authorized sewer function to include collection, treatment, reclamation and disposal;

ITEM #8 --Initiation of sphere of influence establishment study for the Helendale Community Services District.

A Visa Justification for the Executive Officer's expense report, as well as staff reports outlining the staff recommendations for the reconciled payments (which includes a recommendation to continue ratification of payments for July to the September 19, 2007 hearing), and each of the other consent items, have been prepared and a copy of each is on file in the LAFCO office and is made a part of the record by reference herein. Notice of these consent items has been advertised as required by law through publication in The Sun, a newspaper of general circulation.

The Notice of Hearing for the consideration of LAFCO SC#316 was also advertised in the Fontana Herald, a newspaper of general circulation in the area. Individual mailed notice of the mitigated negative declaration was provided to affected and interested agencies, County departments, those agencies and individuals requesting mailed notice and landowners and registered voters within and surrounding the LAFCO SC#316 service contract area pursuant to State law and Commission policy.

Notices of Hearing on LAFCO 3085 and LAFCO 3086 were also advertised in the Daily Press, a newspaper of general circulation in the area. Individual mailed notice of the proposals was provided to affected and interested agencies, County departments, those agencies and individuals requesting mailed notice and landowners and registered voters within and surrounding the LAFCO 3085 and 3086 reorganization area pursuant to State law and Commission policy.

The Notice of Hearing for LAFCO 3084 was also advertised in the Hi-Desert Star, a newspaper of general circulation in the area. Individual mailed notice of the designation of special counsel was provided to affected and interested agencies, County departments, those agencies and individuals requesting mailed notice and landowners and registered voters within and surrounding the LAFCO 3084 area pursuant to State law and Commission policy.

The Notice of Hearing for initiation of the sphere of influence establishment study for the Helendale Community Services District was also advertised in the Daily Press, a newspaper of general circulation in the area. Individual mailed notice of the initiation of the sphere of influence establishment study was provided to affected and interested agencies, County departments, those agencies and individuals requesting mailed notice and landowners and registered voters within and surrounding the Helendale Community Services District area pursuant to State law and Commission policy.

Commissioner McCallon moves approval of the staff recommendations for the consent calendar items, seconded by Commissioner Pearson. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, Curatalo, Hansberger, McCallon, Pearson. Noes: None. Abstain: Cox, Hansberger (Item 4). Absent: Biane, Nuaimi.

DISCUSSION ITEMS:

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CONSIDERATION OF (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3018; AND (2) LAFCO 3018-SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA (CONTINUED FROM JUNE 20, 2007)

CONSIDERATION OF (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3024; AND (2) LAFCO 3024-SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 64 (CONTINUED FROM JUNE 20, 2007)

Executive Officer Kathleen Rollings-McDonald recommends continuance of these items to the October agenda.

Commissioner McCallon moves approval of staff recommendation to continue consideration of LAFCO 3018 and LAFCO 3024; seconded by Commissioner Pearson. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, Cox, Hansberger, McCallon, Pearson. Noes: None. Abstain: None. Absent: Biane, Nuaimi.

CHANGE IN ORDER OF BUSINESS:

Executive Officer Kathleen Rollings-McDonald requests a change in order of business placing Items 13 and 14 prior to consideration of Item 11.

Chairman Colven asks for objections to the change in order of business. No objection was noted. Chairman Colven directs staff to proceed with the change in order of business.

YEAR-END BUDGET REVIEW FOR 2006/2007:

LAFCO Analyst Michael Tuerpe presents the staff report, a complete copy of which is on file in the LAFCO office and is made part of the record by its reference herein. Mr. Tuerpe states revenues for the year exceeded total projections and total appropriations did not exceed authority. At year end the services and supplies series did not exceed authority; however, year-end accruals forced this series' accounts over its appropriation authority by \$10,900. Additionally, total revenues exceeded year-end estimates by approximately \$50,000 and fee revenue exceeded year-end estimates by approximately \$37,000. At year's end the Commission carried over to 07/08 a balance of \$29,855. Proposal activity for the year was demonstrated. Proposals totaled 19, service contracts totaled 28 and service reviews totaled six.

Chairman Colven asks for questions on the budget review. There are none.

CONSIDERATION OF ADOPTION OF RESOLUTION FOR THE ELECTION OF DIRECTORS TO THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY:

LAFCO Analyst Michael Tuerpe states the Commission may select up to three candidates from a slate of nine for representation on the SDRMA Board of Directors. To promote the County of San Bernardino on the Board of Directors, staff proposes that the Commission select Tony Sedano, Ed Gray with Chino Valley Independent Fire District, and Jean Bracy from Mojave Desert Air Quality Management.

Commissioner McCallon moves to vote for only Tony Sedano. Motion fails for lack of a second.

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Commissioner Hansberger offers a substitute motion to vote for Tony Sedano and Jean Bracy, and states Ms. Bracy is a very talented officer who could contribute positively; seconded by Commissioner McCallon. Chairman Colven asks for discussion. There is none. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, Cox, Hansberger, McCallon, Pearson. Noes: None. Abstain: None. Absent: Biane, Nuaimi.

CONTINUED ITEMS:

CONTINUED FROM JULY 18, 2007 - CONSIDERATION OF: (1) NOTICE OF INTENT TO ADOPT NEGATIVE DECLARATION FOR LAFCO 3074; AND (2) LAFCO 3074 – ACTIVATION OF SEWER POWERS FOR JOSHUA BASIN WATER DISTRICT

LAFCO conducts a public hearing to consider a notice of intent to adopt negative declaration for LAFCO 3074; and LAFCO 3074 – activation of sewer powers for Joshua Basin Water District (continued from July 18, 2007). Notice of this hearing was advertised as required by law through publication in The Sun and the Hi-Desert Star, newspapers of general circulation within the area. Individual mailed notice was provided to affected and interested agencies, County departments, those individuals and agencies requesting mailed notice and landowners and registered voters within and surrounding the reorganization area pursuant to State law and Commission policy.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Ms. McDonald states this item includes a Notice of Intent to Adopt a Negative Declaration and consideration of activation of sewer powers for Joshua Basin Water District (hereinafter JBWD). The territory of the Joshua Basin Water District is displayed. Ms. McDonald explains that the boundaries of the JBWD encompass several hundred square miles. Ms. McDonald states that the rationale for LAFCO 3074 is to receive authorization to provide sewer service through package treatment plants within the Joshua Tree community. The need for Commission approval is that, in 1976, when Special District representation was authorized for this Commission, each district was required to provide a listing of active services at the time. The listing of powers and functions developed by this Commission are entitled "Exhibit A" for Special Districts and included in the Commission's Policies and Procedures Manual. The listing identifies the functions and services authorized to be provided by each agency. Ms. McDonald states that the Joshua Basin Water District is authorized, as listed in Exhibit A, the function for Water with the services under that function identified as retail, agricultural, domestic replenishment and wastewater management. Ms. McDonald notes that the designation of wastewater management under the water function was unclear to the District and to LAFCO staff as what was intended. LAFCO staff reviewed the issue with legal counsel, who indicated that wastewater management was not an appropriate service under the water function. LAFCO staff advised the district that in order to move forward to look at issues regarding sewer service in the form of package treatment plants or other sewer facilities, they must request activation of sewer powers. LAFCO 3074 is that request.

(It is noted Commissioner Nuaimi arrives at 9:13 a.m.)

Ms. McDonald notes that should the Commission approve this activation, the Water District must acknowledge the activation of services and no further protest or consideration is required under LAFCO rules and regulations or the water code.

Ms. McDonald states in background that the foundation for this request is the new Regional Water Quality Control Board direction for desert communities to look at operation and maintenance of package treatment plants. These types of facilities are being pursued by development interests in

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other areas and there is interest from within the Joshua Basin area to review the potential for use of package treatment plants. The Regional Water Quality Control Board is concerned with long-term operation and maintenance, as is the LAFCO Commission for effective and efficient service delivery to its communities. Ms. McDonald states that staff and the Commission have expressed concerns about a homeowners' association or other private enterprise being responsible for the operation and maintenance of these facilities, since in many cases the HOA's primary concern would be cost rather than expertise in maintenance and operation. LAFCO 3074 proposes to give that authority to Joshua Basin Water District. The application also requests further abilities for the provision of sewer service. LAFCO staff has circulated the documents submitted by the Water District for review and comment and the staff's evaluation includes a review by the Commission's environmental consultant, Tom Dodson and Associates. That environmental evaluation resulted in an initial study and circulation of the notice of intent to adopt a Negative Declaration.

Ms. McDonald outlines that previously the Commission was provided with testimony regarding concerns about the Joshua Basin Water District and its ability to provide services. LAFCO staff has synopsized those concerns in the staff report on page 4. These positions were taken by the Joshua Tree Community Advocates, a grass-roots organization in the Joshua Basin to protect the water resources and the rural lifestyle of that community, and by Mr. Michael Luhrs, a resident and former board member of the Joshua Basin Water District. The issues identified by those opposed related to the governance and their perceived inability of the District to maintain and operate its water system in an appropriate manner. Ms. McDonald states that it is the staff's position that the electorate is responsible for choosing a Board of Directors who is responsible for operating the District according to the community's desires. Ms. McDonald states that LAFCO is responsible for looking at the delivery of service to that community. LAFCO believes the most appropriate service delivery for the operation and maintenance of package treatment plants is a public agency, and in this case that would be the Joshua Basin Water District.

(It is noted Commissioner Williams arrives at 9:16 a.m.)

With reference to the concern voiced in Item #3 regarding authorization of service and full installation and operation of a regional wastewater treatment plant, LAFCO concurs with the expressions of concern. Presently there is not a need for that expanded service and LAFCO staff is proposing a modified set of services under the sewer function for this district. Staff's recommendation regarding LAFCO 3074 is that the Commission modify the water function to remove the issue of wastewater management from that distinction and approve the expansion of sewer powers, which identifies the actual service to be provided as the operation of package treatment plants. Package treatment plant is defined as consisting of units or modules designed for construction, assembly, connection and installation at the site for treatment of sewage and are to be operated for a limited area, including but not limited to a residential subdivision. Also included is the authorization for service planning and engineering for regional sewer service. LAFCO staff believes the JBWD should be authorized to participate in regional studies, should those move forward for the entire area. The JBWD is sandwiched between the Town of Yucca Valley on the west which is served by the High Desert Water District, and the City of Twentynine Palms on the east which is served by the Twentynine Palms Water District. If issues regarding sewer service for the region are raised, the citizen should have the ability to participate in those discussions for either their specific area or the region.

Chairman Colven asks if there are any questions from the Commission. There are none.

The Commission's Environmental Consultant, Tom Dodson, addresses the Commission and states the project was evaluated in an Initial Study with a Negative Declaration because there was controversy in the community over the assumption of sewer powers by JBWD. The crux of the

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issue, from an environmental standpoint, is that there are specific concerns about management of facilities in the future. Mr. Dodson notes that no facilities, however, have been proposed for implementation, construction or operation within the community. This authorization is to operate systems that would be approved by other agencies to ensure water quality and adequate operations and maintenance of those facilities, not to construct new facilities. Mr. Dodson states that, in addition, it is for planning and engineering for regional sewer services. The power would be used to assume responsibility, for example, if the County was to approve a higher density project in the community of Joshua Tree that needed a package treatment plant, instead of having a homeowners association operate the treatment plant, it would be the job of the water board to do so. This would be done under, first, the imprimatur of the county if they were approving the project, and second, with the Regional Board authorizing such a plant to be constructed and Joshua Basin Water District would simply assume the responsibility for the ongoing operation and maintenance of that facility.

Mr. Dodson notes that the second role is the planning and engineering for regional sewer service. There is no plan at this time; therefore, there is no specific project to analyze. This organization has the ability to develop its own planning and engineered system. At that time, they would become responsible for bringing that project before the community, doing their environmental review, followed by bringing it before the Commission who would act as a CEQA responsible agency by their coming forward requesting authority to build and operate the sewage treatment plant. That is not being granted and there is no specific project of this nature at this time.

A negative declaration was distributed that outlined the limitations of authorities proposed to be granted to Joshua Basin Water District. Comments from the community were largely related to adverse effects of a regional sewage treatment plant being built. Concern is that growth will be induced causing adverse impacts to the community. Mr. Dodson has indicated that authorizations proposed to be granted at this time do not authorize construction of a treatment plant. They are passive roles, i.e., planning and responsibility for operating a plant authorized by other agencies. The negative declaration document has been reviewed and responses have been made to comments.

Ms. McDonald states the recommendation from staff is outlined on pages 1 and 2 as follows: to take the actions necessary with respect to environmental review as outlined; to amend the rules and regulations affecting Special Districts to indicate that the following are authorized for Joshua Basin Water District, which includes water and sewer service as defined; and that the Commission adopt LAFCO Resolution 2978 reflecting the findings and determinations of the Commission.

Chairman Colven asks if there are any questions by the Commission. There are none.

Chairman Colven opens the public hearing and states a number of speakers wish to speak on this issue. He asks that speakers adhere to the time limit of five minutes.

Iona Chelette, Joshua Tree Community Advocates, states her comments can be summed up as "not now, not these people, not at this speed, and not for these reasons." Mr. Dodson's responses to her comments gave her no reason to revise or withdraw her objections. She is concerned about two issues: (1) General Manager Joe Guzzetta's egregious statement that a citizens' organization that she founded after leaving the Joshua Tree Municipal Advisory Council in 2002 does not exist. She provided written proof of the existence from state and county agencies and is waiting for the appropriate apology. And (2), Mr. Guzzetta's obtaining formal authorization to purchase two parcels of land in Joshua Tree at county tax sale for a sewer treatment plant after filing Joshua Basin's application, but prior to receiving any sewerage authority. Mr. Guzzetta has spent hundreds of thousands of public dollars on sewer planning and engineering studies prior to receiving

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authority to do so. She does not want this happening in her community. She has documentation of the attempt to buy property for a sewer treatment plant without authority.

Ms. Chelette states that it remains a mystery to her why LAFCO staff chose to do the same type of environmental review for the county fire consolidation, which, although complicated, has few predictable environmental impacts. In her opinion, the peculiarly non-neutral language in the staff report amounts to propaganda for the JBWD's proposal. The right thing would be to postpone consideration of sewerage authority for the Joshua Basin Water District until the state-mandated service review of the entire community is conducted. Ms. Chelette states that she will return in the future for another discussion with LAFCO when an application for sewerage authority becomes appropriate for Joshua Tree. Ms. Chelette asks why these people under these objections have been granted planning and engineering study authority just to give them the ability to deal with sewer package treatment plants.

Ms. Chelette states two members of the Joshua Tree Municipal Advisory Council have been very much involved with the Water District's Citizens' Advisory Committee. She believes there is an impropriety and the MAC should be separated from the Water District.

(It is noted Commissioner Mitzelfelt arrives at 9:30 a.m.)

Michael Luhrs, resident of Joshua Tree, states he is profoundly disappointed in the staff report. Mr. Luhrs expresses his opinion that staff seems to have gone out of their way to ignore facts showing that the Joshua Basin Water District is incapable of managing or responsibly monitoring a sewer system or package treatment plant. It has been shown that they cannot follow simple rules, laws and common sense in delivering drinking water. LAFCO staff wants them to learn by doing and give permission to run package treatment plants. There is no need for a sewer system or package treatment plant now or in the foreseeable future in Joshua Tree. Joshua Basin Water District has spent hundreds of thousands of dollars of Water District money doing sewer and engineering studies without sewer authority. Rates will go up if the District is given real sewer authority. Mr. Luhrs states further that, after he raised the fact that there is no proof of a problem with groundwater contamination, the Joshua Basin Water District hired USGS to drill a test well in a separate attempt to show they need sewer authority.

They recently drilled a well in downtown Joshua Tree close to septic tanks of two homes. There was still no report of a problem. LAFCO staff says they want someone to be in charge of a package treatment plant. Mr. Luhrs expresses his opinion that the State Regional Quality Control Board, the State Department of Health Services, and possibly San Bernardino County could all provide services. Mr. Luhrs further asks who will be liable if Joshua Basin Water District is incompetent. Mr. Luhrs believes LAFCO will say it only gave Joshua Basin Water District permission to do the work and it was up to Joshua Basin Water District to do it right. After being shown how incompetent the District is in providing drinking water, it will not stand up in court.

Tom McCann, High Desert Medical Center, states the Medical Center's five-year plan includes construction of a 128-bed three-story building, new maintenance shop and a new materials management or supply shop. The Medical Center's septic tanks are now at capacity use, so they are now looking at a package sewer treatment plant. If operated by the Hospital District, it would require six to eight new employees to run it 24 hours per day. The system can be monitored by computer; however, it would have to be staffed 24 hours per day. It is extremely difficult for the hospital to find contractors to work in the hospital. They must be certified, bonded and be able to work under OSHPD conditions. Giving authority and having a base for the management of the treatment plant would benefit the hospital. As the hospital is nonprofit, it makes about 37 cents on

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the dollar, so the budget is extremely tight. Giving authority to the Joshua Tree Water District would provide 24-hour-per-day coverage for the hospital.

Gary Lovelace, Director, JBWD, states in March 2006 he gave a presentation to the Colorado River Quality Control Board regarding the area's sewage problems. There are houses with no septic tanks, as well as houses that have never had their septic tank pumped. The District does not want the problems the neighbors have had in the past. Mr. Lovelace reads a letter from High Desert Homes, Inc. and Morongo Basin Builders Industry Association. The letter states they give their full support to the Joshua Basin Water District and their board of directors and manager, knowing they have always done a competent job in the community working with builders and developers. The letter gives support for the Joshua Basin Water District's management of the project. Mr. Lovelace states further there is no reason for a package treatment plant. The college did not have to put one in and the hospital just put one in but does not have qualified staff. The Joshua Basin Water District does, however, have qualified staff. Mr. Lovelace states that the Regional Water Quality Control Board has expressed the opinion that a government agency should be involved instead of builders, developers and homeowners' associations.

Deborah DeMeo, a homeowner and full time resident of Joshua Tree, states she is a program manager for the National Parks Conservation Association and took a vacation day today. Her experience includes eight years of public service as an engineer and educator with a municipal water and public utility. She wishes to give a balanced perspective. She was on the Water Board and was appointed in 2005, however was forced to resign in April 2006. She reads a statement of her resignation, a complete copy of which is on file in the LAFCO office, stating she felt her personal safety was threatened and she was wrongly harassed by two or three citizens with an ongoing vendetta against the District. Her employer received notification accusing her of participating in the destruction of tortoises and tortoise habitat on behalf of the Water District. Her employer was threatened with public embarrassment if this knowledge became known. Her employer was told she was a disgrace to the organization. The regional director took the threats seriously and asked for an explanation. As she works in the conservation industry, these accusations put her job seriously at risk and could poison her future career. Ms. DeMeo states that she has watched the Board achieve many milestones that were not done in the previous 10 years, for example, a new groundwater ability evaluation has been done, the urban water management plan has been updated, and the District worked with the USGS to study the geohydrologic framework and groundwater situation in the area, all in the last two or three years. In addition, the Mojave Water Agency committed a minimum of \$1,000,000 in May 2006 toward extending the Morongo Basin pipeline for use by Joshua Tree. This is a vote of confidence because the Agency sees that Joshua Basin Water District is able to manage the District well. Ms. DeMeo states that granting this authority to the JBWD would provide protection of the aquifer and maintenance of water quality for residents, as well as the opportunity for the community to self-govern, grow, and mature.

Bill Long, President of JBWD, shares milestones the Board, staff and Citizens' Advisory Committee have accomplished and what they hope to accomplish. A committee of citizens has volunteered to investigate issues of concern to the community and make recommendations to the Board. They have brought new technology in the form of data tracking systems and computerized GPS system to locate lines, meters and infrastructure. This year the District will have replaced 58,000 feet of old rusty iron pipe, and will continue to do so until the entire infrastructure has been upgraded. Because the aquifer is in overdraft, the District has been utilizing the services of USGS to determine the best possible locations for percolation ponds. This will provide for future importation of Northern California water. A primary concern is the protection of the water supply. The District is tracking the intrusion of nitrates that may pose a hazard to the aquifer. Mr. Long states that the District does not encourage or discourage growth or development, the District's responsibility is to

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provide a safe and reliable water supply. Two years ago the District provided an aggressive approach to treating wastewater. Joshua Tree will face the need for centralized sewerage in the future. In the Board's opinion, to fail to take the necessary steps now is to ignore the impact on the community in the future. Package treatment will be needed for the hospital, college, and proposed new residential and business development. The District fully supports recommendations of LAFCO staff and the environmental document provided by the LAFCO consultant. There are a few members of the community who will do anything to disparage the Board as part of a personal vendetta. Every issue the District deals with is discussed openly in public sessions of the Board meetings, and at the Citizens' Advisory Committee. Mr. Long thanks the Commission and staff for consideration of the application for authority and for their work.

Cynthia Shepherd, associate environmental planner for CalTrans and a former employee of the Department of Water Resources on the State Water Project, states that she took a vacation day to be here today. Ms. Shepherd states she is a citizen of Joshua Tree and member of the ad hoc citizens committee. She states her position that she gets superior water service from the District; they are responsive to citizen concerns and needs. As a former state water project employee, Ms. Shepherd states the issue of the aquifer drawing down is critical and she believes the Water District is working toward a solution. As a citizen, she is unaware of controversy surrounding the Water District. She is impressed by the Board's willingness to work with the citizens' ad hoc committee. Septic systems serve well but not when there are too many and are not maintained, eventually the water source will be contaminated. As a professional, she has no hesitation giving the Water District responsibility to manage package treatment plants. They are responsible, responsive, intelligent and honest people. She is impressed with them allowing the ad hoc committee the responsibility to read ordinances and provide opinions as concerned citizens.

Deborah Bollinger, resident of Joshua Tree, business owner and a member of the Citizens' Advisory Committee, states she support Joshua Basin Water District's application because they alone can address the immediate needs and has confidence in their ability to manage those needs. She shares concerns about development. Those concerns were created, in part, when the Colorado River Water Quality Control Board approved a package treatment plant for a dense development in this area. She is also concerned that the misfortunes of a nearby water district are not visited upon Joshua Tree. Ms. Bollinger expresses her opinion that the district will also have to deal with the nitrate problem. Joshua Basin Water District has found that nitrates were beginning to impact the aquifer from homes that were built 20 years ago. They could easily slip into a similar situation as the neighboring community if unqualified private parties are allowed to operate and maintain the water treatment plants. Joshua Basin Water District has taken a proactive approach which spares everyone from costly fixes. They have a very capable staff and have sought to include a diversity of local stakeholders in the discussion of challenges facing the district. They are singularly qualified to assure that the aquifers that provide 100 percent of their water are protected.

Joe Guzzetta, General Manager of Joshua Basin Water District, strongly supports the staff recommendation for package treatment plants. Centralized sewer treatment plants are not necessary at this time and probably will not be necessary for the next 15-20 years unless there is a major development. At such time as the need presents itself, the District would come back to LAFCO to seek authority for a centralized sewer treatment plant. Package treatment plants are sufficient and appropriate and the typical lifespan is 15 years or longer. Mr. Guzzetta states his position that it is important to have a governmental agency that will plan for the funding of the replacement of the plants. Mr. Guzzetta explained that USGS is doing highly scientific and well-thought-out projects for them. USGS is building test wells to evaluate the ability to recharge water from the state water project that will be imported into Joshua Tree. They are looking at septic issues. They have identified that nitrates exist from development over the last 50 years. They are evaluating in the test wells what is the appropriate density a septic system can accommodate. He

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believes the reason there are so many people here is that there has been an attempt to intimidate members of the Board, the Commission and the Municipal Advisory Council; however there has been strong public support for what the District does.

Mr. Nuaimi asks what the impact on rates has been as a result of the improvements. Mr. Guzzetta states rates had not been increased for several years, and in fact, for a few years rates were rolled back. The Board has recently approved an increase of six percent for each of the next four years. With that increase, a program is being developed to replace the infrastructure.

Mr. Colven asks what is the level is of the nitrate content in the aquifer, to which Mr. Guzzetta responds only one well was tested and they have ceased using it. However, the level was lower than the state standard.

David Fick, a 22-year resident of Joshua Tree, and a member of the Municipal Advisory Council, a board member of the Morongo Basin Conservation Association, and a member of the College Oversight Committee for the Copper Mountain College Bond. He is also vice-chairman of the Joshua Tree Community Association. Mr. Fick endorses the staff recommendation. A concern is that at 96 square miles, he does not believe Joshua Tree should be hosting a regional sanitation facility, even in the distant future. Mr. Fick states that it has been his observation of the water boards in the region, that the Joshua Tree Water District has, even through its rough days in the early 90s, and through several recalls, been most responsive to the needs of its constituents. Mr. Fick reads a letter written by Victoria Fuller, chairperson of the Joshua Tree Community Association, a complete copy of which is on file in the LAFCO office, clarifying that in response to inquiries, the initials "JTCA" do not pertain to the Joshua Tree Community Association unless appearing under the logo and heading of the Community Association. The Joshua Tree Community Association is an independent nonprofit organization established in 1945 for the purpose of informing and encouraging discussion among the citizens of Joshua Tree in matters of interest and importance to the community of Joshua Tree. The Community Association is a nonpartisan organization that encourages full and unbiased discussion of all issues of concern to the community.

Mickey Luckman states she is a long-time resident of Joshua Tree and serves on the Joshua Tree Municipal Advisory Council. She is also part of the Joshua Basin Water District Citizens' Advisory Committee. Ms. Luckman states that the Committee has worked extremely hard with the board to try to give them the point of view of the citizens of Joshua Tree. When they looked at the rate structure they were careful to try to protect the low income citizens. The plan does protect those that need protection and allows them to pay as they go so there would not be a huge need for bonds. She clarifies that it is not a conflict of interest for her to be on the Committee. She has been attending Board meetings for two years and believes Joshua Basin is head-and-shoulders above the rest. She supports LAFCO's recommendation.

Commissioner Hansberger moves approval of staff recommendation and comments that the issue of politics of who ought to run the basin and the District does not belong here. That discussion should take place in Joshua Tree. Commissioner Hansberger comments that he is concerned about development in Joshua Tree. It is a wonderfully rural area but serves as the regional home for a hospital, law enforcement, courts and other public services for that desert area. As those services grow, their wastewater must be responsibly managed. The Joshua water basin is probably the most important water aquifer in the Morongo Basin. It is rich in water resource but it is vulnerable to ultimate pollution in the future. The water agency that oversees that basin must have the authority to be the stewards of quality of that water. They must necessarily be able to monitor, plan and engineer for the future. They not only deserve the power, but it would be irresponsible for them not to have that power. Commissioner Hansberger commends the citizens of Joshua Tree for

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being responsible for their own resources. While he has known and appreciates the community spirit of Ms. Chelette, he does not agree with her view on this issue. The motion is seconded by Commissioner Cox.

Commissioner Nuaimi comments there was reference to the two neighboring districts, Hi-Desert and Twentynine Palms Water Districts. Commissioner Nuaimi asks if those districts currently have wastewater management as a function under their authorized service. Ms. McDonald states the High Desert Water District does have planning and engineering authorized as a sewer services under its sewer function. It currently has submitted an application for LAFCO to evaluate expanding that to actual operation. LAFCO is awaiting environmental documents for the proposed wastewater treatment plant in order to circulate the proposal for review and comment. Ms. McDonald states that she does not believe that the Twentynine Palms District has sewer authority.

Commissioner Nuaimi states the conflict is around the opposition statement that the Water District is wasting hundreds of thousands of dollars doing what the Water District would term as preplanning and long-range visioning. That is why he asked about rates and he does believe the rates are reasonable. This issue should not be what encourages or discourages growth. Commissioner Nuaimi commends the Water District for making the investments that are important and necessary. Commissioner Nuaimi comments further that it is often difficult when one is as far away as we are geographically. When confronted with vocal opposition and accusations, it is reassuring that there is a cross-section of community members represented, especially members of the Citizens' Advisory Committee.

Chairman Colven states he represents the Community Services District in Big Bear City where the nitrates became excessive within the groundwater. The Regional Board placed a mandate of no further construction until sewer facilities were installed. As Commissioner Nuaimi stated, this can work both ways, to encourage or discourage growth.

Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, Cox, Hansberger, McCallon, Mitzelfelt, Nuaimi, Pearson. Noes: None. Abstain: None. Absent: Biane (Mitzelfelt voting in his stead).

(A recess was taken from 10:20 a.m. to 10:25 a.m.)

CONTINUED FROM JULY 18, 2007 - CONSIDERATION OF LAFCO 3070-REORGANIZATION TO INCLUDE FORMATION OF PHELAN PIÑON HILLS COMMUNITY SERVICES DISTRICT, DETACHMENT FROM COUNTY SERVICE AREA 56, AND DISSOLUTION OF COUNTY SERVICE AREA 9, COUNTY SERVICE AREA 56 IMPROVEMENT ZONE F-1 AND COUNTY SERVICE AREA 70 IMPROVEMENT ZONES L AND P-4

LAFCO conducts a public hearing continued from July 18, 2007, to consider a proposal to form a Community Services District (hereinafter CSD) for the communities known as Phelan and Piñon Hills. The application encompasses an area of approximately 128 square miles (81,920 acres) located north of the San Bernardino National Forest boundary, east of the Los Angeles County Line, south of the community of El Mirage, and west of the sphere of influence and/or boundary of the Cities of Adelanto, Victorville and Hesperia.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a copy of which is on file in the LAFCO office and is made a part of the record by its reference herein. Ms. McDonald states boundaries are shown on the overhead display. To the east are the cities of Adelanto, Victorville, Hesperia and their spheres of influence. In addition, along this boundary is CSA-70-J, Oak Hills

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Water System and formerly the Baldy Mesa Water District, now the Victorville Water District. Consolidation of the Baldy Mesa and Victorville Water Districts was effective today.

Ms. McDonald states that at the May 16, 2007 hearing, the Commission made two determinations. First, it considered its environmental assessment, as is required for all projects and it adopted the Mitigated Negative Declaration. Second, the Commission approved the boundaries for LAFCO 3070.

Ms. McDonald states that she will provide a brief outline of the agencies affected -- CSA 9, an agency which provides street lighting and park and recreation services for the Phelan community, is proposed for dissolution. The agency has road maintenance authority. That authority is not proposed to be acquired by the Phelan-Piñon Hills CSD. Currently County Service Area 70 takes care of road maintenance within the unincorporated area in these two communities. The detachment from CSA 56 involves removal of territory that will confine CSA 56 to the Wrightwood community to the south. The dissolution of CSA 56-F-1 involves an agency that provides fire protection and park and recreation services to the Piñon Hills community. The proposal is to dissolve this and transfer the park and recreation function to the CSD. The fire protection function will be transferred as a part of the County Fire reorganization on the horizon. The proposal protects the revenues associated with fire protection for that future reorganization. CSA-70, Zone L, the water provider for the Phelan-Piñon Hills community, is proposed for dissolution and LAFCO staff is preparing conditions and terms that require the transfer of all its obligations, responsibilities, contracts, revenues in their entirety to the new CSD.

CSA 70 P-4 was a regional park and recreation authority formed a number of years ago. It had a property tax election that failed. It has never been activated but, to provide clarity and clear responsibility for services, dissolution of this agency is part of the reorganization.

Determinations to be made by the Commission today include:

- is the new district financially feasible?
- can it maintain, at a minimum, pre-formation service levels?
- does it have an adequate reserve for the first three years of its existence?
- would the formation of the district impair the ability of any other agency to continue providing its services?
- does this formation represent the best available service option for the community?
- and, is it a more effective and efficient form of government?

Ms. McDonald states that the law requires the Commission to make a determination on property tax transfers. Government Code Section 56810 requires the Commission to determine through a process the transfer of property tax revenues. One element not included in the staff report that should be emphasized is that Proposition 13 prohibits a change in the property tax rates paid by existing property owners as a result of this action. No additional tax is anticipated as a result of the formation of this district. The law requires the Commission consider the entities that are transferred in their entirety and their property tax revenues. All information provided today is based on Fiscal Year 06/07 dollars. CSA 9 and Zone L are being transferred in their entirety. The staff report shows property tax revenues attributable to those from the general ad valorem one percent tax.

Ms. McDonald states that the Commission is required to apportion the property tax revenues for services where an agency is not being transferred in its entirety. CSA 56 F-1 provides both park and recreation and fire protection services. Under an agreed-to formula that has been in place for a number of years, the property tax revenues attributable to the park function are \$42,007. The

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balance, \$191,365 is for fire protection purposes and those revenues must be protected as part of the County Fire reorganization.

Ms. McDonald indicates that the mitigation measure included in the environmental document that was adopted on May 16 identified the need to transfer property tax revenues to CSA 56 to maintain its existing park and recreation services to the Wrightwood community. That document identified the transfer of the full allocation that had been previously attributed to CSA 56. This was not acceptable to the Feasibility Committee, the County, and ultimately the County Special Districts Department. A compromise formula was put forward which LAFCO staff supports. That formula will identify that CSA 56 will receive \$25,944 property tax dollars, based on 06/07; that will be transferred permanently to CSA 56. This process is required to be undertaken under Revenue and Tax Code 99.02. It requires a process undertaken by the County and this process must be accomplished prior to the September 19 Commission hearing. It also identifies a transfer to the Phelan Piñon Hills CSD from within CSA 56. The identified amount is \$33,314. The revenues from CSA 56 from Fire that were derived from the Piñon Hills community will continue to be protected for County Fire. Ultimately, through the transfer for CSA 56 and 56 F-1, the Fire revenues from the Piñon Hills community of \$790,524, will be protected.

Therefore, the property tax determination this Commission must make under Government Code Section 56810 is to transfer \$784,251, based on 06/07 amounts. The 07/08 property tax estimate for CSA 70 Zone L is \$880,000. There has been a large increase in assessed valuation as well as new construction.

Ms. McDonald continues that the Commission is required to prepare a provisional appropriation limit. As was outlined in prior staff reports, there was an issue that the Commission could not make such a determination because CSA 70 Zone L did not have an appropriation limit, and 56 and 56 F-1 were isolated to Fire. The county has rectified the problem and identified the Zone L and park functions for F-1 and 56 through these appropriation limits. Staff has applied a growth factor to provide for a provisional appropriation limit of a little over \$1.2 million. The district, upon formation and following completion of the first full fiscal year of operation, will be required to take the provisional appropriation limit to the electorate for a determination of a permanent appropriation limit.

Ms. McDonald explains that the staff report provides a number of tables and charts that show the existing County revenues and expenditures for the combined three agencies. It provides the proposed budget prepared by the Feasibility Committee utilized in the County submission to the Commission for processing, and the staff's analysis and modification of the estimates.

The staff report identifies the proposed budget with an estimated fund balance for the first full year of operation of \$3.9 million. In addition, there was review for reserves and the capital improvement program. The new district will succeed to this. For fiscal year 07/08, combined with the reserve amounts, \$11 million will go to the Phelan Piñon Hills CSD. Assets of the dissolving and detaching agencies were identified. There was some concern regarding assets held in the name of the district, as well as those held in the name of the County of San Bernardino or County Service Area 70. All of these assets will be transferred.

Ms. McDonald states that the determination has been made that the general termination benefits reserve for the County Special Districts Department will be unaffected by this change. That is on the basis that the agencies being dissolved have no employees. Employees are operated under a pooled resource which has a general termination benefit cost associated with it and the County will continue its responsibility. The general capital replacement reserves is for the benefit of the Special Districts Department administrative functions, and there is no effect for transfer for that. It has been

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indicated that for 07/08 there will be no contribution taken from the agencies affected by this overall reorganization unless and until the election fails.

Ms. McDonald explains that the crux of the negotiations is related to the pooled equipment and equipment reserve funds. A methodology has been developed to allow for a division of the funds and assets assignment to the Phelan Piñon Hills CSD. Tom Sutton, Special Districts Director, has written a letter outlining the methodology using a three-year average of contributions which shows that 17.2 percent of these assets are attributable to the Phelan Piñon Hills CSD. That 17.2 percent is attached to the vehicles and rolling stock at \$1.8 million. It is applied to the \$71,476 of non-rolling stock that is affected and for the \$466,726 equipment replacement reserve fund. The Phelan Piñon Hills CSD, therefore, is entitled to \$403,980 worth of equipment or equipment reserves. The staff report includes a proposed condition that identifies this allocation and specifies that if the newly-elected board of directors determines to take this full value in cash, it must be spread over a three-to-five-year period through negotiations with the County so that the County is not further impacted in its ability to continue to provide services. If the Board of Directors chooses to take rolling stock and cash, and the cash exceeds \$200,000, that too must be spread over a three-year period. If they choose to take equipment and cash less than \$200,000, it will be paid in the first full fiscal year. The Feasibility Committee and the County have developed a transition plan. It was negotiated between the County, the Special Districts Department, and the Feasibility Committee membership. That document is attached to the staff report. It outlines costs associated with providing for the service. It has been reviewed and will be available to the community to make its determination.

The cost of a successful election is included in the budget on page 18. That election will cost approximately \$9,000, based on the County Registrar of Voters' estimate for conducting the general election. Also included is the estimated LAFCO apportionment because, as an independent special district, they would pay for LAFCO's operation, as do all the other independent special districts.

Ms. McDonald explains that a unique problem exists in the processing of this application, in that CSA 70 Zone L has a California Infrastructure Economic Development Bank loan outstanding in the amount of over \$4 million. There is issue with the transfer of this loan following the formation of the Phelan Piñon Hills CSD. The requirements for this issue are identified as the loan assumption requirements. These requirements included that LAFCO solicit and receive an attorney's opinion that there will be no impact to the loan proceeds that would change the tax-exempt status of the bonds, an accountant's statement evaluating the ability to pay for the loan and any impacts from that on IRS rulings. Those requirements have been met, as well as the Infrastructure Bank's request for determination on the management of the District, the transition plan and contracts.

The final issue, however, relates to the Infrastructure Bank's desire to have the incorporating documents, ordinances and resolutions. In a formation process, those cannot be provided until the approval process is complete. The final approval process cannot be done until the guarantee of all obligations of dissolving entities can be made.

The California Infrastructure Bank has now indicated that they have additional questions and it is possible that an administrative review can be conducted to authorize the assumption of this loan by the Phelan Piñon Hills CSD. If the attorneys for the Infrastructure Bank and its staff and Board of Directors does not feel they can move forward with that without the formation documents, LAFCO staff has proposed a compromise. That would be to establish a contractual relationship, since the loan is taken in the name of the County of San Bernardino, on behalf of CSA 70 Improvement Zone L, with the possibility of replacing CSA 70 Zone L with the Phelan Piñon Hills CSD. There are several concerns relating to this approach, i.e., the County will not control the facilities over which

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this loan has been taken, it has no authority to enter into those obligations, and it will have no control over revenues and pledges for security that were required for the loan. LAFCO staff believes this would be an interim step to allow for the electorate to determine whether or not this district should be formed, at which point the documents would be finalized with the Infrastructure Bank. The Infrastructure Bank has agreed that a CSD is eligible for this type of loan, that the water system qualified when it was operated under the County, so there appears to be no reason there would be a problem in transfer. In addition, the financial effects on other levels of government must be established. For CSA56 there was the mitigation measure that was implemented in the May consideration of the Negative Declaration adoption. The compromise solution will take care of this issue and sustain the Wrightwood park and recreation functions. LAFCO is required to look at whether or not the formation has an effect on the ability of the County Special Districts Department to continue to perform its services through the removal of these agencies from its responsibility. There is an impact on the water and sanitation division; however, the County has indicated that through the implementation of the transition plan and the potential for future contracting for continued operation and/or the ability of the employees of the Special Districts Department to apply to transfer over to the CSD, these can be accommodated.

Ms. McDonald states further, the formation of this District is financially feasible. It will have a reasonable reserve for the first three years of its operation. It can maintain, and in some cases, fairly rapidly improve on service levels within the communities. The transfer of contracts and lease agreements have been identified to continue the provision of services identified in the staff report. The implementation of this reorganization will not damage the ability of others to provide services. This reorganization will not impair any other agency currently serving within the area.

Service issues and considerations are services to be provided by this agency, including 92 street lights in Phelan assumed from CSA 9, park and recreation from CSA 9 and CSA 56 Zone F-1, including operation of parks, current and future, operation of the three senior lunch programs from Community Development Block Grant funding, and water service, which includes assumption of operations of CSA 70 Zone L for the approximate 6,000 connections in these areas.

The determination is that the formation of the Phelan Piñon Hills CSD provides for a single multi-purpose agency entitled to provide services to the defined communities and can expand upon those services dependent upon decisions made with the community, that alternatives were evaluated such as the incorporation of this area as a city, but it is not viable as a new city on the basis of its low generation of sales tax dollars. Status quo could be continued through the formation of improvement zones through CSA 70 and other entities to provide isolated services as need requires.

Active functions proposed and official language for services and functions are identified for water, street lighting and recreation and parks.

Ms. McDonald states approval of LAFCO 3070 is appropriate. It provides for a permanent form of government to be delivered to the constituents of Phelan Piñon Hills. It is a form of government which combines three existing entities into a single agency. Those entities had no elected representation. The electorate within this community will choose its representation. This will place a form of government that will remain as an alternative to city governance for the future or can act as a conduit to foster and nurture the future elected representatives of this community and identify the service delivery for that area.

The staff report identifies the need to continue final resolution adoption to the September hearing in order to resolve the Infrastructure Bank loan transfer. The staff report identifies 22 conditions that must be imposed upon formation of this district. This guarantees the transfer of water rights, the

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transfer of facilities, the transfer of fire protection revenues to protect the district in the event that the County fire reorganization is not completed prior to the election on this issue. It provides for a protest period and, upon approval of this proposal in September, the County will be restricted in its activities for these agencies until a determination is made at an election for property tax and appropriation limit issues. Condition 12 lists an incorrect amount of \$194,374 as the fire protection revenues for CSA 56. The correct amount is \$191,365.

Chairman Colven asks if there are questions from the Commission.

Chairman Colven asks, with reference to the Infrastructure Bank negotiations, will the new entity have an opportunity to pay over time rather than having to pay all at once. Ms. McDonald responds there is an amortization schedule. The costs of that are included in the budget projections.

Commissioner Cox asks for an explanation of the value of the pooled equipment. Ms. McDonald states it includes a Blue Book value for the equipment. Some of the equipment was fully depreciated.

Chairman Colven asks if Special Districts staff wish to speak on the issue.

Norm Kanold, County Administrative Office, representing the applicant, the County, endorses the recommendation by staff. Mr. Kanold thanks Ms. McDonald and LAFCO staff for the hours devoted to this project. Mr. Kanold further thanks Tom Sutton, Special Districts staff, the Feasibility Committee, and Charlie Johnson, for having the fortitude to devote the thousands of hours required for this project.

Chairman Colven asks if there are any members of the public who wish to speak on this item.

Charlie Johnson discloses that he has contributed over \$250 to Supervisor Mitzelfelt's campaign. That contribution is unrelated to this item. Mr. Johnson thanks LAFCO staff, Tom Sutton and Special Districts staff, as well as Paula Nowicki and Norm Kanold for their work and support. Mr. Johnson states this has been 20 years coming. It started in the late 80s with a community plan. In 1997, a process of expanding boundaries for CSA 9 and formally defining the community was done. Mr. Johnson states the community has shown that it is ready and it has developed, grown and matured into assuming the ultimate responsibility of governing itself. They have met with the cities, chambers and MACs on their boundaries. Mr. Johnson reiterates that this is a financially sound proposal and they are ready to answer any questions. Taxes will not be raised and fees will not be changed.

Commissioner Mitzelfelt moves approval of staff recommendation, seconded by Commissioner Cox. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, Cox, Hansberger, McCallon, Mitzelfelt, Nuaimi, Pearson. Noes: None. Absent: Biane (Mitzelfelt voting in his stead.)

PENDING LEGISLATION

Ms. McDonald states the Commission has been presented with a copy of the CALAFCO Legislative Report.

Of importance is the discussion of SB375 regarding growth scenarios and preferred growth scenarios. The Commission has been presented with a copy of a letter from CALAFCO expressing concern regarding the ongoing processing of this bill and the request that it become a two-year bill. Mr. McCallon today brought information on The League of California Cities' notice of opposition to

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SB375 on the basis that Mr. Steinberg refuses to make this a two-year bill. In that vein, the staff recommendation on page 1 asks that the Commission take a position of opposition to SB375, most importantly because the only service being evaluated in these proposed growth scenarios is transportation. In San Bernardino County, that is one major element but it is not the sole element. There is no consideration for water and water infrastructure or water availability.

Commissioner McCallon moves approval of staff recommendation, seconded by Commissioner Nuaimi. Chairman Colven calls for a voice vote on the motion and it is as follows: Ayes: Colven, Cox, Hansberger, McCallon, Mitzelfelt, Nuaimi, Pearson. Noes: None. Absent: Biane (Mitzelfelt voting in his stead.)

EXECUTIVE OFFICER'S ORAL REPORT

Ms. McDonald states, starting in September, the County Fire reorganization will open. This is the culmination of two and one half years of projects, including the Victor Valley-Baldy Mesa Water District issue, the Phelan Piñon Hills issue, and County Fire reorganization issue. For the next three months it is proposed that hearings begin at 8:30, as these are major undertakings.

Service reviews, starting with Apple Valley, will begin in November. Initiation of mountains and east desert regions service reviews will start then also.

The November hearing is scheduled for the Wednesday prior to Thanksgiving. Ms. McDonald requests that it be moved either one week up or one week back. Staff prefers one week back to November 28. Current policy is to go dark in December. Ms. McDonald was directed to schedule the November meeting for November 28.

The CALAFCO annual conference is scheduled for August 29, 30 and 31 in Sacramento. Ms. McDonald will present on a panel discussing Government Code Section 56434, related to extension of services into unincorporated areas not previously served.

Ms. McDonald asks the Commission to take note of SB59, the new water bond. Ms. McDonald and LAFCO staff attended the water conference in Ontario where the issues of water were clearly identified and what to look for in the future. That bill will be included in future legislative reports.

Mr. Sedano asks if staff would be taking action on the letter from Barstow Heights objecting to the formula. Ms. McDonald states she will respond to the letter. The formula was derived by election of the Independent Special Districts. The 22 districts referred to in the letter accounted for less than \$25,000 of the \$338,000 of Special District apportionment. Ms. McDonald does not believe that the cost of operation of the Commission is borne on the backs of those 22 districts.

COMMENTS FROM THE PUBLIC:

Chairman Colven calls for comments from the public.

Carl Mayhew states he worked for the City of Victorville for five and one-half years. He comments that during that time he and others committed felonies by using diesel as an asphalt release agent, by pouring radiator fluid down drains, and gray water in the sewers. Mr. Mayhew alleges raw sewage was not adequately treated and washed down storm drains. The recommendation of the Regional Board for the City of Victorville was a fine of over \$3 million. The recommendation was not discussed because they needed additional information. They were notified in 1994, 1996 and 1998 that there was contamination. The Regional Board found them negligent. Mr. Mayhew submitted the letters to the Victor Valley Water District and Baldy Mesa Water District and no one

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paid attention. He wants the public to know that what was done will not benefit residents of the high desert.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE
HEARING IS ADJOURNED AT 11:15 A.M.**

ATTEST:

ANNA M. RAEF
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

ROBERT W. COLVEN, Chairman